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**Joint Statement from President Simpson and Speaker Sprowls on Florida Realtors
Suspending Housing Ballot Initiative**

Tallahassee—House Speaker Chris Sprowls (R-Palm Harbor) and Senate President Wilton Simpson (R-Trilby), today announced their support of the Florida Realtors decision to suspend a housing-related ballot initiative, citing legislative solutions rather than a constitutional amendment as the most timely and effective way to address issues related to affordable housing and homeownership.

“The Florida Legislature and the Florida Realtors have a long, productive history of working together on pro-business, pro-family, pro-homeownership initiatives. In recent years, support of the Florida Realtors has been instrumental as we worked to increase funding for affordable housing developments and rental assistance programs, expand the tax credit for property owners who maintain affordable housing units, and permanently lower the business rent tax.”

“We commend the decision by the Florida Realtors to suspend their ballot initiative. As we have seen in recent months, the housing market is extremely fluid, and fluctuates based on a variety of factors, which are outside of the Legislature’s control. Constitutional amendments, while instrumental in defining the ideals of the framework of our state government, do not provide the flexibility needed to respond to the ever-changing housing situation in Florida. Legislative solutions derived from the input and expertise of the entire coalition of stakeholders and experts who work on housing-related issues remain the best way to address housing challenges that impact families across our state.

“Housing challenges impacting our state and the entire nation have placed a tremendous burden on hard-working Floridians trying to pursue their dream of homeownership, and we are committed to doing what we can at the state level to help more Florida families overcome this challenge. In particular, the ongoing pandemic has highlighted the need to focus on opportunities for health care workers, teachers, law enforcement officers and first responders to find affordable housing options within the communities they serve. As we head towards the 2022 Legislative Session, we look forward to again working with the Florida Realtors and other housing stakeholders to develop effective legislative solutions, while at the same time maintaining the flexibility needed to fund the many other critical priorities of our state.”

Prioritizing Affordable Housing Programs

Earlier this year the Florida Legislature passed and Governor DeSantis signed into law Senate Bill 2512, Documentary Stamp Tax Distributions. A conforming bill associated with the state

budget, the legislation establishes a three-part statewide infrastructure plan to prioritize investing in state and local affordable housing programs, mitigating the impacts of sea level rise, and enhancing wastewater programs, including septic-to-sewer conversions. The new framework provides predictable funding for all three infrastructure priorities on a recurring basis.

Under the distribution outlined in SB 2512, during the upcoming fiscal year, affordable housing programs would receive over \$200 million. Programs established to mitigate the impacts of sea level rise and enhance wastewater programs would each receive approximately \$111 million. (These amounts do not include federal funding.) Revenue estimates for documentary stamps are updated several times each year.

Background on Affordable Housing Funding in Florida

Appropriations of state housing funds are only a fraction of the dollars available to operate affordable housing programs. While state spending has averaged \$160 million annually over the past five years, available federal resources have averaged \$642 million annually. This year, there is also an additional \$1.4 billion for the Federal Emergency Rental Assistance Program for local governments to assist residents faced with affordable housing issues, including rent and utility payments.

The appropriations from the State Housing Trust Fund and the Local Government Housing Trust Fund are administered by the Florida Housing Finance Corporation (FHFC), which is a public corporation of the State of Florida that is administratively housed within the Department of Economic Opportunity (DEO).

The FHFC administers both federal and state resources to finance the development and preservation of affordable homeowner and rental housing and to assist homebuyers with financing and down payment assistance. State funding for affordable housing programs is provided from documentary stamp tax revenues that are distributed to the State Housing Trust Fund and the Local Government Housing Trust Fund. The FHFC is also authorized to receive federal funding directly from the federal government for its housing programs; these funds are deposited outside of the State Treasury. In 2020, the FHFC received \$789.5 million in federal funds.

In the early years of operation, the FHFC accessed only federal resources to finance housing initiatives. To leverage and augment these programs, the Florida Legislature began appropriating additional funding for state programs in the late 1980s. However, it was the enactment of the William E. Sadowski Affordable Housing Act in 1992 that created a source of revenue for affordable housing from a portion of documentary stamp taxes on the transfer of real estate.

Since the start of Florida's economic recovery in Fiscal Year 2012-13, documentary stamp tax revenues and the distributions to the housing trust funds have grown rapidly, outpacing annual growth in both the consumer price index and Florida's population. Each year as part of the budget process, the Legislature determines the use of the revenues in the housing trust funds, in many cases transferring portions of the distribution to the General Revenue Fund. SB 2512 includes language that specifies that funds distributed to the State Housing Trust Fund and the

Local Government Housing Trust Fund may not be transferred to the General Revenue Fund in the General Appropriations Act.

Expanding an Affordable Housing Tax Credit

During the 2021 Legislative Session, the Florida Legislature passed House Bill 7061, Taxation, which expands a current tax exemption for certain affordable housing properties. Before this year, Florida law offered property owners who provide affordable housing to low-income individuals and families a 50 percent discount for property taxes on these units. The discount applies only to properties with more than 70 units and begins after the property has been recorded as an affordable housing property for 15 years. HB 7061 expands this property tax discount to 100 percent of property taxes while continuing other eligibility requirements.

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